

DETOUR TOWNSHIP, CHIPPEWA COUNTY

STATE OF MICHIGAN

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

March 31, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name DeTour Township	County Chippewa
Audit Date March 31, 2004	Opinion Date September 28, 2004	Date Accountant Report Submitted to State: December 1, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

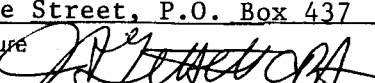
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☒ yes ☐ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Gillett, Halvorsen & Leonhardt, P.C.			
Street Address 748 W. Spruce Street, P.O. Box 437	City Sault Ste. Marie	State MI	ZIP 49783
Accountant Signature 			

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INDEPENDENT AUDITORS' REPORT

Township Board
Township of DeTour
DeTour, Michigan 49725

We have audited the accompanying combined statement of assets and liabilities arising from cash transactions of DeTour Township, DeTour, Michigan, as of March 31, 2004, and the related combined statement of revenues collected, expenditures paid and changes in cash basis fund balances for the year then ended, as listed in the table of contents. These financial statements are the responsibility of DeTour Township, DeTour, Michigan, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in the Summary of Significant Accounting Policies, Note 1, the Township prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Michigan, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The Township of DeTour has a population of less than 4,000 people and is therefore required by Act 2, Public Acts of 1968 of the State of Michigan to have an independent audit only biennially. The preceding year has thus not been audited; however, we have performed various test of the opening balances.

In our opinion, the combined financial statements listed in the table of contents present fairly, in all material respects, the assets, liabilities, and cash basis fund balances of DeTour Township as of March 31, 2004, arising from cash transactions, and its revenues collected, expenditures paid, and changes in cash basis fund balances for the year then ended, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the governing body and management of DeTour Township, DeTour, Michigan, and for filing with the State of Michigan. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Our audit was made for the purpose of forming an opinion on the financial statements of DeTour Township, DeTour, Michigan, taken as a whole. The other financial information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our auditors' communication and report of comments and recommendations is included herein and forms a part of this report.

Elliott Halverson & Lombard PC

Certified Public Accountants

September 28, 2004
Sault Ste. Marie, Michigan

DETOUR TOWNSHIP

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
ALL FUND TYPES

March 31, 2004

	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPE	ACCOUNT GROUP	
	GENERAL FUND	SPECIAL REVENUE FUNDS	TRUST AND AGENCY FUNDS	GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
ASSETS					
Cash and investments	\$354,933	\$18,853	\$305,904	\$ -0-	\$679,690
Taxes receivable	5,418	-0-	-0-	-0-	5,418
Due from other funds	21,586	-0-	-0-	-0-	21,586
Furniture and fixtures	-0-	-0-	-0-	11,945	11,945
TOTAL ASSETS	\$381,937	\$18,853	\$305,904	\$11,945	\$718,639
LIABILITIES, EQUITY AND OTHER CREDITS					
LIABILITIES					
Deferred revenue - taxes receivable	\$ 5,418	\$ -0-	\$ -0-	\$ -0-	\$ 5,418
Due to other funds	-0-	-0-	21,586	-0-	21,586
Due to other governmental units	-0-	-0-	284,318	-0-	284,318
TOTAL LIABILITIES	\$ 5,418	\$ -0-	\$305,904	\$ -0-	\$311,322
EQUITY AND OTHER CREDITS					
Investment in general fixed assets	\$ -0-	\$ -0-	\$ -0-	\$11,945	\$ 11,945
Cash basis fund balances	376,519	18,853	-0-	-0-	395,372
TOTAL EQUITY AND OTHER CREDITS	\$376,519	\$18,853	\$ -0-	\$11,945	\$407,317
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$381,937	\$18,853	\$305,904	\$11,945	\$718,639

See accompanying notes and auditors' report.

DETOUR TOWNSHIP

COMBINED STATEMENT OF REVENUE COLLECTED, EXPENDITURES PAID AND CHANGES IN
CASH BASIS FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

March 31, 2004

	GENERAL FUND	SPECIAL REVENUE FUNDS	TOTAL (MEMORANDUM ONLY)
Revenues Collected			
Taxes	\$ 61,722	\$ 2,856	\$ 64,578
State grants	36,211	-0-	36,211
Interest and rents	6,356	214	6,570
Refunds and reimbursements	5,024	-0-	5,024
Total Revenues Collected	\$109,313	\$ 3,070	\$112,383
Expenditures Paid			
Legislative	\$ 2,616	\$ -0-	\$ 2,616
General government	44,318	-0-	44,318
Public safety	727	2,856	3,583
Recreation and cultural	621	-0-	621
Other functions	5,427	-0-	5,427
Total Expenditures Paid	\$ 53,709	\$ 2,856	\$ 56,565
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	\$ 55,604	\$ 214	\$ 55,818
CASH BASIS FUND BALANCES - APRIL 1, 2003	320,915	18,639	339,554
CASH BASIS FUND BALANCES - MARCH 31, 2004	\$376,519	\$ 18,853	\$395,372

See accompanying notes and auditors' report.

DETOUR TOWNSHIP

COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN
CASH BASIS FUND BALANCES - GENERAL AND SPECIAL REVENUE FUNDS - BUDGET AND ACTUAL

For the year ended March 31, 2004

=====			
	GENERAL FUND		

	BUDGET	ACTUAL	VARIANCE UNDER (OVER)
=====			
Revenues Collected			
Taxes	\$ 56,131	\$ 61,722	\$ (5,591)
State grants	38,810	36,211	2,599
Interest and rents	-0-	6,356	(6,356)
Refunds and reimbursements	-0-	5,024	(5,024)
	-----	-----	-----
Total Revenues Collected	\$ 94,941	\$109,313	\$ (14,372)
Expenditures Paid			
Legislative	\$ 3,000	\$ 2,616	\$ 384
General government	55,000	44,318	10,682
Public safety	1,400	727	673
Public works	42,000	-0-	42,000
Recreation and cultural	1,500	621	879
Capital outlay	29,020	-0-	29,020
Other functions	8,000	5,427	2,573
	-----	-----	-----
Total Expenditures Paid	\$139,920	\$ 53,709	\$ 86,211
	-----	-----	-----
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	\$ (44,979)	\$ 55,604	\$ (100,583)
Other Financing Sources (Uses)			
Operating transfers in	\$ -0-	\$ -0-	\$ -0-
Operating transfers out	(20,903)	-0-	(20,903)
	-----	-----	-----
Total Other Financing Sources (Uses)	\$ (20,903)	\$ -0-	\$ (20,903)
	-----	-----	-----
EXCESS (DEFICIENCY) OF REVENUES COLLECTED AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES PAID	\$ (65,882)	\$ 55,604	\$ (121,486)
CASH BASIS FUND BALANCES - APRIL 1, 2003	320,915	320,915	-0-
	-----	-----	-----
CASH BASIS FUND BALANCES - MARCH 31, 2004	\$255,033	\$376,519	\$ (121,486)
	=====	=====	=====

See accompanying notes and auditors' report.

SPECIAL REVENUE FUNDS			TOTAL (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE UNDER (OVER)	BUDGET	ACTUAL	VARIANCE UNDER (OVER)
\$ 10,733	\$ 2,856	\$ 7,877	\$ 66,864	\$ 64,578	\$ 2,286
-0-	-0-	-0-	38,810	36,211	2,599
-0-	214	(214)	-0-	6,570	(6,570)
-0-	-0-	-0-	-0-	5,024	(5,024)
\$ 10,733	\$ 3,070	\$ 7,663	\$105,674	\$112,383	\$ (6,709)
\$ -0-	\$ -0-	\$ -0-	\$ 3,000	\$ 2,616	\$ 384
-0-	-0-	-0-	55,000	44,318	10,682
31,636	2,856	28,780	33,036	3,583	29,453
-0-	-0-	-0-	42,000	-0-	42,000
-0-	-0-	-0-	1,500	621	879
-0-	-0-	-0-	29,020	-0-	29,020
-0-	-0-	-0-	8,000	5,427	2,573
\$ 31,636	\$ 2,856	\$ 28,780	\$171,556	\$ 56,565	\$ 114,991
\$(20,903)	\$ 214	\$(21,117)	\$(65,882)	\$ 55,818	\$(121,700)
\$ 20,903	\$ -0-	\$ 20,903	\$ 20,903	\$ -0-	\$ 20,903
-0-	-0-	-0-	(20,903)	-0-	(20,903)
\$ 20,903	\$ -0-	\$ 20,903	\$ -0-	\$ -0-	\$ -0-
-0-	214	(214)	(65,882)	55,818	(121,700)
-0-	18,639	(18,639)	320,915	339,554	(18,639)
\$ -0-	\$18,853	\$(18,853)	\$255,033	\$395,372	\$(140,339)

DETOUR TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DeTour Township is a regular law Michigan township with a population of 473. The Township is governed by a five member board of officials elected by the Township voters.

A. SCOPE OF REPORTING ENTITY

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Township (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. In accordance with generally accepted accounting principles, there were no component units to be included in these financial statements.

B. BASIS OF PRESENTATION

The accounts of the Township are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The financial activities of the local unit are recorded in separate funds categorized as follows:

General Fund

This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State and Federal aid and charges for services to provide for the administration and operation of: (1) general Township, governmental departments, boards and commissions; (2) law enforcement; and (3) health welfare. This fund includes the general operating expenditures of the Township.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) generally derived from state and federal grants, General Fund

DETOUR TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

Special Revenue Funds (Continued)

appropriations and charges for services, which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements. The Law Enforcement Fund and the Ambulance Fund are the special revenue funds of DeTour Township.

Fiduciary Fund

Trust and agency funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. DeTour Township has one fiduciary fund, an agency fund for tax collections.

Account Group

The General Fixed Asset Account Group is established to account for all fixed assets used in Township operations.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures (expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

DeTour Township uses a financial resource measurement focus and the cash basis of accounting.

The accounting books and records of DeTour Township are maintained on the cash basis of accounting during the year and the financial statements have been prepared directly from these books and records. The cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. Under the cash basis certain revenues and related assets are recognized when received rather than when they are measurable and available and certain expenses are recognized when paid rather than when the obligation is incurred. The aforementioned statements do not, therefore, give affect to accounts receivable, accounts payable and accrued items. Generally accepted accounting principles require the modified accrual basis of accounting.

DETOUR TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. PROPERTY TAXES

The Township's annual property tax on real and personal property within the Township is levied on December 1 and is based on the assessed valuation of property as of the preceding December 31. Assessed valuation, which is required by law to be 50% of current market value, is established by the Township and is subject to possible equalization by the State. Taxes are collected by the Township from July 1 to February 28. In addition to collecting their own taxes, the Township also acts as collection agent for all overlapping governments in the Township, which includes school districts, intermediate school districts and Chippewa County. Receipts of current and delinquent property taxes are recorded as revenue in the year in which received. The total current property taxes collected for DeTour Township for the year were \$50,176, which is recorded in the General Fund.

Chippewa County, the county in which DeTour Township is located, has a delinquent tax revolving fund whereby the County pays the Township for its delinquent real property taxes. It then becomes the County's responsibility to collect these delinquent taxes from the various taxpayers. Taxes become delinquent after February 28. If not paid within two years from this date, a lien attaches. The delinquent real portion of the 2003 tax levy of \$5,418 is due from the County but not yet received by March 31, 2004, and is shown as deferred revenue in the General Fund.

E. PROPERTY TAX MILLAGE

The Townships property tax is levied on each December 1 on the State equalized valuation of property located in the Township as of the preceding December 31.

Although the Township's 2003 tax is levied and collectible on December 1, 2003, it is the Township's policy to recognize revenue from the current tax levy when received.

The 2003 State equalized valuation of DeTour Township totaled \$53,573,100 and a taxable value of \$34,067,150 on which taxes levied consisted of 1.6323 mills for the Township operating purposes.

DETOUR TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. BUDGETS

Budgets were adopted by DeTour Township for the General Fund and Special Revenue Funds except for the Law Enforcement Fund which is inactive. The budget was adopted after holding a public hearing and approving the budgets before any business is transacted for the year. In addition, the board makes amendments to the budget throughout the year as they deem necessary. The budgets were prepared on the cash basis. Revenues are budgeted on a major source basis in the year receipt is expected, and expenditures are budgeted on an activity basis in the year payment is expected to be made. The financial statements present comparisons of actual revenue collected and expenditures paid to this budget.

G. CASH AND INVESTMENTS

DeTour Township's cash consists of petty cash, checking accounts, savings accounts, and certificates of deposit. DeTour Township has no investments.

H. DUE TO AND FROM OTHER FUNDS

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which the transactions are executed.

I. GENERAL FIXED ASSETS

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. No depreciation is taken on these assets.

DETOUR TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. USE OF ESTIMATES

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimated.

K. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the Combined Statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or change in financial position in conformity with cash basis and budget laws of the State of Michigan, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - LEGAL COMPLIANCE

Excess of Expenditures over Appropriations in Budgeted Funds

The Uniform Budgeting and Accounting Act P.A. 2 of 1968 as amended (MCL 141.421 et seq.), provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. DeTour Township's actual expenditures and budgeted expenditures have been shown on an activity basis. The approved budgets for DeTour Township for the budgeted funds were adopted to the activity level.

During the year, DeTour Township incurred expenditures in certain budgeted funds, which were in excess of the amounts appropriated as follows:

<u>Fund/Activity</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund			
General Government			
Treasurer	\$13,000	\$16,493	\$3,493
Township Hall	\$ 1,000	\$ 1,340	\$ 340
Public safety			
Building inspection	\$ -0-	\$ 227	\$ 227

DETOUR TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

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NOTE 2 - LEGAL COMPLIANCE (CONTINUED)

Failure to adopt an investment policy

DeTour Township does not have an investment policy. On February 11, 1997, the Michigan Department of Treasury, Local audit and Finance Division, issued Letter #98-3 regarding investments. This letter added a new requirement that Local Units must adopt an investment policy which includes specific matters. DeTour Township was required by this letter to adopt a policy by September 30, 1998.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

DeTour Township's cash and investments as presented in the balance sheet are made up of the following:

Petty cash	\$ 51
Cash in checking	328,530
Cash in savings	29,462
Certificates of deposit	321,647

Total	\$679,690
	=====

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase, and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township board has authorized two banks as their designated financial institutions.

The Township has not adopted an investment policy in accordance with Act 196 PA 1997.

DETOUR TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Cash Deposits

According to GASB Statement No. 3, risk disclosures for cash deposits are as follows:

	Carrying Amount	Bank Amount
Insured (FDIC)	\$300,000	\$300,000
Uninsured and uncollateralized	379,639	381,381
Total Deposits	\$679,639	\$681,381

The amount reported as bank amount represents the balance per financial institutions which excludes any deposits in transit and outstanding checks. The carrying amount represents the amount as reported for the Township's financial statements. In addition to the amounts uninsured and uncollateralized at year end, the Township had funds during the year which were in excess of \$100,000 on deposit in a particular financial institution which would not have been covered by federal depository insurance.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables at March 31, 2004, are as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
General	\$21,586	Fiduciary - Tax General fund	\$21,586

NOTE 5 - TAXES RECEIVABLE AND DEFERRED PROPERTY TAX REVENUE

A receivable due from Chippewa County in the amount of \$5,418 has been recorded for settlement of 2003 delinquent real property taxes and is recorded as taxes receivable in the General Fund.

DETOUR TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

NOTE 6 - DISTRIBUTION OF TAX COLLECTION

The Township must remit to the schools and the County total taxes collected through the 1st and 15th day of each month within ten business days after the 1st and 15th day of each month. In addition, the Township is required to remit within ten business days, at least 90% of the total property tax collections on hand as of February 28 for tax revenues that were collected for other taxing units. All taxes were remitted to the proper governmental units on a timely basis.

NOTE 7 - FIXED ASSETS

The following is a summary of changes in the general fixed asset account group during the year.

	APRIL 1, 2003	ADDITIONS	DEDUCTIONS	MARCH 31, 2004
	-----	-----	-----	-----
Furniture and equipment	\$11,945	\$ -0-	\$ -0-	\$11,945
	=====	=====	=====	=====

NOTE 8 - POSTEMPLOYMENT

DeTour Township does not provide any postemployment benefits and, therefore, no accrual has been recorded for these benefits as of March 31, 2004.

NOTE 9 - COMPENSATED ABSENCES

The Township does not have a vacation or a sick leave benefit policy and, therefore, no accrual has been recorded for these benefits as of March 31, 2004.

NOTE 10 - RISK MANAGEMENT

DeTour Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as workmens compensation benefits provided to employees.

The Township participates in the Michigan Township Participating plan for general liability, property loss, automobile, professional, public official errors and omissions liabilities. This plan is a self insurance risk association operating within the State of Michigan pursuant to Act 138, Michigan Public Acts of 1982. This plan through its risk manager, secures insurance policies or reinsurance treaties to cover the risks undertaken on behalf of the Township above the \$100 deductible amount. The plan has a maximum liability for general liability of \$3,000,000, wrongful acts of \$2,000,000 and automobile liability of \$1,000,000.

DETOUR TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

=====

NOTE 10 - RISK MANAGEMENT (CONTINUED)

Therefore, the Township has no additional liabilities beyond the contribution made to the Michigan Township Participating Plan for general liability, property loss, automobile, professional, public official error and omissions liabilities as it is covered by insurance policies or reinsurance treaties obtained by the plan.

In addition, the Township has purchased commercial insurance for workmens compensation benefits.

Settled claims for the insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage obtained through insurance during the past year.

NOTE 11 - BUDGET AMENDMENT

Once approved, the Township may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. There were no budget amendments during the year.

O T H E R F I N A N C I A L I N F O R M A T I O N

DETOUR TOWNSHIP

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN
CASH BASIS FUND BALANCE - GENERAL FUND - BUDGET AND ACTUAL

For the year ended March 31, 2004

	BUDGET	ACTUAL	VARIANCE UNDER (OVER)
Revenues Collected			
Taxes			
Current property taxes	\$ 51,278	\$ 50,176	\$ 1,102
Delinquent property taxes	4,853	2,578	2,275
Property tax administration fees	-0-	8,968	(8,968)
Total Taxes	\$ 56,131	\$ 61,722	\$ (5,591)
State grants			
Payments in lieu of taxes	\$ 2,470	\$ 2,391	\$ 79
State shared revenues	36,340	33,820	2,520
Total State Grants	\$ 38,810	\$ 36,211	\$ 2,599
Interest and rents			
Interest income	\$ -0-	\$ 6,356	\$ (6,356)
Other			
Refunds and reimbursements	\$ -0-	\$ 5,024	\$ (5,024)
Total Revenues Collected	\$ 94,941	\$109,313	\$ (14,372)
Expenditures Paid			
Legislative			
Township board	\$ 3,000	\$ 2,616	\$ 384
General government			
Supervisor	\$ 7,000	\$ 4,807	\$ 2,193
Elections	6,500	578	5,922
Legal and accounting	1,500	-0-	1,500
Assessor	13,000	12,357	643
Clerk	9,000	5,724	3,276
Board of review	4,000	3,019	981
Treasurer	13,000	16,493	(3,493)
Township hall	1,000	1,340	(340)
Total General Government	\$ 55,000	\$ 44,318	\$ 10,682

See auditors' report.

DETOUR TOWNSHIP

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN
CASH BASIS FUND BALANCE - GENERAL FUND - BUDGET AND ACTUAL (CONTINUED)

For the year ended March 31, 2004

	BUDGET	ACTUAL	VARIANCE UNDER (OVER)
Public safety			
Fire	\$ 700	\$ 500	\$ 200
Ambulance	700	-0-	700
Building inspection	-0-	227	(227)
Total Public Safety	\$ 1,400	\$ 727	\$ 673
Public works			
Highways, streets and bridges	\$ 42,000	\$ -0-	\$ 42,000
Culture and recreation	\$ 1,500	\$ 621	\$ 879
Capital outlay	\$ 29,020	\$ -0-	\$ 29,020
Other functions			
Social security and insurance	\$ 8,000	\$ 5,427	\$ 2,573
Total Expenditures Paid	\$139,920	\$ 53,709	\$ 86,211
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	\$ (44,979)	\$ 55,604	\$ (100,583)
Other financing sources (uses)			
Operating transfers out	(20,903)	-0-	(20,903)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES PAID	\$ (65,882)	\$ 55,604	\$ (121,486)
CASH BASIS FUND BALANCE - APRIL 1, 2003	320,915	320,915	-0-
CASH BASIS FUND BALANCE - MARCH 31, 2004	\$255,033	\$376,519	\$ (121,486)

See auditors' report.

DETOUR TOWNSHIP

COMBINING STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
SPECIAL REVENUE FUNDS

March 31, 2004

	LAW ENFORCE- MENT	AMBULANCE	TOTAL (MEMORANDUM (ONLY))
ASSETS			
Cash and investments	\$18,853 =====	\$ -0- =====	\$18,853 =====
LIABILITIES AND CASH BASIS FUND BALANCES			
CASH BASIS FUND BALANCES	\$18,853 =====	-0- =====	18,853 =====

See auditors' report.

DETOUR TOWNSHIP

COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN
CASH BASIS FUND BALANCES - SPECIAL REVENUE FUNDS

For the year ended March 31, 2004

	LAW ENFORCE- MENT	AMBULANCE	TOTAL (MEMORANDUM (ONLY))
Revenues Collected:			
Taxes	\$ -0-	\$ 2,856	\$ 2,856
Interest earnings	214	-0-	214
	-----	-----	-----
Total Revenues Collected	\$ 214	\$ 2,856	\$ 3,070
Expenditures Paid:			
Public safety	\$ -0-	\$ 2,856	\$ 2,856
	-----	-----	-----
Total Expenditures Paid	\$ -0-	\$ 2,856	\$ 2,856
	-----	-----	-----
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	\$ 214	\$ -0-	\$ 214
CASH BASIS FUND BALANCES - APRIL 1, 2003	18,639	-0-	18,639
	-----	-----	-----
CASH BASIS FUND BALANCES - MARCH 31, 2004	\$18,853	\$ -0-	\$18,853
	=====	=====	=====

See auditors' report.

DETOUR TOWNSHIP

COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND CHANGES IN
CASH BASIS FUND BALANCES - SPECIAL REVENUE FUNDS - BUDGET AND ACTUAL

For the year ended March 31, 2004

=====			
LAW ENFORCEMENT FUND			

	BUDGET	ACTUAL	VARIANCE UNDER (OVER)
=====			
Revenues Collected:			
Taxes	\$ -0-	\$ -0-	\$ -0-
Interest earnings	-0-	214	(214)
	-----	-----	-----
Total Revenues Collected	\$ -0-	\$ 214	\$ (214)
Expenditures Paid:			
Public safety	\$ -0-	\$ -0-	\$ -0-
	-----	-----	-----
Total Expenditures Paid	\$ -0-	\$ -0-	\$ -0-
	-----	-----	-----
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	\$ -0-	\$ 214	\$ (214)
Other Financing Sources (Uses)			
Operating transfers in	-0-	-0-	-0-
	-----	-----	-----
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES PAID	\$ -0-	\$ 214	\$ (214)
CASH BASIS FUND BALANCES - APRIL 1, 2003	-0-	18,639	(18,639)
	-----	-----	-----
CASH BASIS FUND BALANCES - MARCH 31, 2004	\$ -0-	\$18,853	\$ (18,853)
	=====	=====	=====

See auditors' report.

AMBULANCE FUND			TOTAL (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE UNDER (OVER)	BUDGET	ACTUAL	VARIANCE UNDER (OVER)
\$ 10,733	\$ 2,856	\$ 7,877	\$ 10,733	\$ 2,856	\$ 7,877
-0-	-0-	-0-	-0-	214	(214)
\$ 10,733	\$ 2,856	\$ 7,877	\$ 10,733	\$ 3,070	\$ 7,663
\$ 31,636	\$ 2,856	\$ 28,780	\$ 31,636	\$ 2,856	\$ 28,780
\$ 31,636	\$ 2,856	\$ 28,780	\$ 31,636	\$ 2,856	\$ 28,780
\$ (20,903)	\$ -0-	\$ (20,903)	\$ (20,093)	\$ 214	\$ (21,117)
20,903	-0-	20,903	20,903	-0-	20,903
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 214	\$ (214)
-0-	-0-	-0-	-0-	18,639	(18,639)
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$18,853	\$ (18,853)

DETOUR TOWNSHIP

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TRUST AND AGENCY FUND - TAX COLLECTION FUND

For the year ended March 31, 2004

	BALANCE APRIL 1 2003			BALANCE MARCH 31 2004
		ADDITIONS	DEDUCTIONS	
ASSETS				
Cash	\$344,460	\$934,458	\$973,014	\$305,904
	=====	=====	=====	=====
LIABILITIES				
Due to other funds				
General fund	\$ 23,150	\$ 61,866	\$ 63,430	\$ 21,586
Special revenue fund - Ambulance	10,646	2,856	13,502	-0-
Due to other governmental units				
County	160,844	430,332	487,045	104,131
School districts	149,820	439,404	409,037	180,187
	-----	-----	-----	-----
TOTAL LIABILITIES	\$344,460	\$934,458	\$973,014	\$305,904
	=====	=====	=====	=====

See auditors' report.

DETOUR TOWNSHIP

SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCE

March 31, 2004

=====

General Fixed Assets	
Furniture and equipment	\$11,945
	=====
Investment in General Fixed Assets - By Source	
General fund	\$11,945
	=====

See auditors' report.

DETOUR TOWNSHIP

SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY

March 31, 2004

=====	FURNITURE AND EQUIPMENT =====
FUNCTION AND ACTIVITY	
=====	
General Government	
Township hall and grounds	\$11,945
	=====

See auditors' report.

DETOUR TOWNSHIP

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY

For the year ended March 31, 2004

FUNCTION AND ACTIVITY	BALANCE			BALANCE
	APRIL 1			MARCH 31
	2003	ADDITIONS	DEDUCTIONS	2004
General Government				
Township hall and grounds	\$11,945	\$ -0-	\$ -0-	\$11,945
	=====	=====	=====	=====

See auditors' report.



GILLETT, HALVORSEN & LEONHARDT, P.C.

Certified Public Accountants

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JAMES A. GILLETT
JAMES E. HALVORSEN
CHARLES W. LEONHARDT

MEMBER OF THE MICHIGAN
ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF THE AMERICAN
INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Township Board
Township of DeTour
DeTour, MI 49725

We have recently completed our audit of the financial statements of DeTour Township for the year ended March 31, 2004. As required by generally accepted auditing standards, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS

We conducted our audit of the financial statements of DeTour Township in accordance with generally accepted auditing standards. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the representations of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than with those items of lesser importance or those in which the possibility of material error are remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the audit must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute, that financial statements are free of material errors or irregularities. The existence of that risk is implicit in the phrase in the audit report, "in our opinion".

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

Auditing standards call for us to inform you regarding the initial selection of, and change in, significant accounting policies or their application. In addition, we are expected to inform you about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is lack of authoritative guidance or consensus.

The significant accounting policies are described in Note 1 to the financial statements.

During the year ended March 31, 2004, the Township did not initiate or change any of their significant accounting policies.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility of that future event affecting them may differ markedly from management's current judgment; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

COMMENTS AND RECOMMENDATIONS REGARDING INTERNAL CONTROLS/COMPLIANCE/EFFICIENCY

Our procedures, which were made for the limited purpose described previously, would not necessarily disclose all material weaknesses in the system of internal control. Accordingly, we do not express an opinion on the system of internal control structure of the Township taken as a whole. However, our procedures disclosed the following conditions that we would like to bring to your attention.

CASH AND INVESTMENTS

At year end, the Township had \$381,381 in deposits with financial institutions that are uninsured by federal depository insurance. We recommend that the Township insure all funds.

INVESTMENT POLICY

On February 11, 1997, the Michigan Department of Treasury, Local Audit and Finance Division, issued Letter #98-3, regarding investments. This letter addressed Act 196 PA 1997, which was signed and took immediate affect on December 30, 1997. This Act altered, somewhat, the types of investments local governmental units can invest in and added a new requirement that Local Units must adopt an investment policy which includes specified matters. The policy must be adopted within 180 days after the end of the local unit's fiscal year that ends after December 30, 1997. Therefore, for DeTour Township that date would be September 30, 1998. In addition, the local unit is required to provide the financial intermediary, broker or dealer a copy of this investment policy before executing an order to purchase or trade funds and the financial intermediary, broker or dealer shall acknowledge receipt of the policy and agree to comply with its terms.

The Township has not adopted the investment policy in accordance with Act 196 PA 1997. We recommend that the Township adopt an investment policy which is in accordance with the aforementioned act.

BUDGET

During the current year, expenditures exceeded the amount appropriated in three instances. Therefore, the Township has not complied with P.A. 621 of 1978, Section 18(1), as amended which states that a local unit of government shall not incur expenditures in excess of the amount appropriated. We recommend that an appropriate amount be adopted during the budget process or that budget amendments be made before an expenditure is authorized for payment.

APPROVAL OF EXPENDITURES

On one instance, the Township did not present for approval the payment of Township expenditures. We recommend before payment of any expenditure is made that the board approve the payment and that this approval be recorded in the minutes of the bi-monthly Township board meetings.

SEGREGATION OF DUTIES

Separation of duties between persons who authorize transactions and persons who have control over the related assets does not exist to the extent possible in larger entities with several employees involved in the accounting process.

The least desirable accounting system is one in which the employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of accounting duties substantially increases control over errors without duplication of effort.

The desired separation of duties cannot be achieved with only two employees involved. The careful and consistent oversight provided by the Township Board appears to offset the inability to separate various accounting functions and should be continued. The Township Board maintains monitoring of current operations. Operating results are reviewed monthly which provides significant oversight for the inspection of any irregularities and discrepancies. The cost for additional staff to enable separation of duties is likely not economically justified and therefore, the Township Board's oversight is assisting in this internal control function. Our finding is intended only to point out that this element of internal control separation of duties does not, and at present, cannot exist.

This report is intended solely for the information and use of the Township Board.

Gillett Halvorsen & Leonhardt PC

Gillett, Halvorsen & Leonhardt, P.C.
Certified Public Accountants

September 28, 2004
Sault Ste. Marie, Michigan